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STATE OF WASHINGTON

OFFICE OF INSURANCE COMMISSIONER HEARINGS UNIT

Fax: (360) 664-2782

JAN - 3 2005

Hearings Unit, OIC Patricia D. Petersen Chief Hearing Officer

Patricia D. Petersen Chief Hearing Officer (360) 725-7105

Wendy Galloway Administrative Assistant (360) 725-7002 wendyg@oic.wa.gov

In the Matter of:

WESTERN NATIONAL ASSURANCE COMPANY,

Insurers.

NO. G04-86

NOTICE OF HEARING ON APPLICATION FOR REDOMESTICATION

Stuart C. Henderson, President & Chief Executive Officer TO: Western National Assurance Company P.O. Box 1463 Minneapolis, MN 55440-1463

> Kenneth T. Stover, Executive Vice President and General Manager Western National Assurance Company

P.O. Box 1463

Minneapolis, MN 5540-1463

Mike Kreidler, Insurance Commissioner COPY TO:

> Michael G. Watson, Chief Deputy Insurance Commissioner James T. Odiorne, Deputy Commissioner, Company Supervision

James T. Tompkins, Asst. Deputy Commissioner, Company Supervision

P.O. Box 40255

Olympia, Washington 98504-0255

On November 2, 2004, Western National Assurance Company (Western National) filed an Application for Redomestication with the Office of the Insurance Commissioner (Commissioner), and on December 10, 2004, the undersigned received and filed a request for hearing from the Commissioner relative to this Application for Redomestication.

Pursuant to RCW 48.07.210(2), Western National seeks the approval of the Commissioner to transfer its corporate domicile from the state of Washington to the state of Minnesota.

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The Redomestication of Western National is controlled by Title 48 RCW and, specifically, RCW 48.07.210(2). Pursuant to RCW 48.07.210(2), after providing thirty days advance written notice of its plan to the Commissioner and upon the written approval of the Commissioner in advance of the proposed transfer date, any domestic insurer of this state may transfer its domicile to any other state in which it is admitted to transact the business of insurance. As further provided in RCW 48.07.210(2), [t]he commissioner shall approve any proposed transfer of domicile unless the commissioner determines after a hearing, pursuant to such notice as the commissioner may require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state. Finally, pursuant to RCW 48.07.210(2), upon transfer of domicile, the insurer ceases to be a domestic insurer of this state and, if otherwise qualified under the laws of this state, the Commissioner shall admit the insurer to do business in this state as a foreign insurer.

Accordingly, YOU ARE HEREBY NOTIFIED that a hearing will be held commencing on Monday, January 31, 2005 at 10:00 a.m., Pacific Standard Time, in the Office of Insurance Commissioner, 5000 Capitol Blvd., Tumwater, Washington 98501. Pursuant to the authority given to the undersigned, the undersigned will hear and determine this matter and will enter the final order herein. The purpose of this hearing, which will include all parties, is to consider the Application for Redomestication of Western National Assurance Company. Pursuant to RCW 48.07.210(2), approval of these applications are conditioned, in part, upon a finding by the undersigned, based upon evidence presented by testimony and documents at the hearing, that there has been reasonable notice given, and that the redomestication is in the best interest of the public and Western National Assurance Company's policyholders. The Commissioner will be represented by James T. Tompkins, Assistant Deputy Insurance Commissioner in his Company Supervision Division. Mr. Tompkins' address is Office of the Insurance Commissioner, Company Supervision, P.O. Box 40255, Olympia, Washington 98504-0255 and telephone number is (360) 725-7218. Western National Assurance Company will appear pro se by and through Kenneth T. Stover, its Executive Vice President and General Manager, whose address is P.O. Box 1463 Minneapolis, Minnesota 55440-1463 and whose telephone number is (952) 835-5350.

Please note that any interested individual or entity may indicate his/her or its support, or objection, to this proposed redomestication by submitting a letter to the undersigned at the above address by U.S. Mail, or by fax at (360) 664-2782, on or before 5:00 p.m., Pacific Standard Time on January 28, 2005. Interested individuals and entities may include in their letters a request to be included in the hearing by telephone or in person in order to present their positions orally.

The hearing will be held under the authority granted by the Commissioner by Chapter 48.04 RCW and RCW 48.07.210. As above, RCW 48.07.210 indicates the findings which must be made before approval will be given to this proposed redomestication.

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The basic facts relied upon are those set forth in the Application for Redomestication of Western National Assurance Company, with attachments, which has been filed with the Commissioner. The Application, with attachments, will be made part of the record of this proceeding. The Commissioner has not taken, and will not take, any position on this matter prior to entry of the hearing order.

The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. All parties may be represented at the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved.

As required by RCW 34.05.434(2)(i), you are advised that a party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. A Request for Interpreter form is attached to the original of this Notice, with instructions thereon.

Judge Patricia D. Petersen, who serves as Chief Hearing Officer for the Office of the Insurance Commissioner, has been designated to hear and determine this matter. Her address is Office of Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. Her telephone number is (360) 725-7105. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to her Administrative Assistant, Wendy Galloway, at the same address. Ms. Galloway's telephone number is (360) 725-7002.

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ENTERED AT TUMWATER, WASHINGTON this 3 day of January, 2005.

PATRICIA D. PETERSEN

Chief Hearing Officer

Presiding Officer